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TAGS: [PREL](#) [PGOV](#) [PBTS](#) [ENRG](#) [RU](#) [AJ](#)
SUBJECT: PRESIDENT MEDVEDEV'S VISIT MEANT TO TELL
AZERBAIJAN "YOU MATTER"

Classified By: Ambassador Anne E. Derse per 1.4(b,d)

11. (C) Summary: According to the Russian Ambassador to Baku Vasily Istratov, Russian President Dmitry Medvedev's visit to Baku had one major purpose: to convey the message to the GOAJ that "Azerbaijan matters" to Russia. Defining the new relationships as "same book, different page," Istratov confirmed that there had been no new policy initiatives or concrete agreements were made on Nagorno-Karabakh or on Gazprom's offer to buy Shah Deniz Phase Two gas, other than a decision to discuss the issue further. End summary.

AZERBAIJAN "MATTERS" TO MOSCOW

12. (C) In a July 8 meeting with the Ambassador, Russian Ambassador to Baku Vasily Istratov provided a readout on Russian President Medvedev's July 3-4 Baku visit. Istratov said there is a general sense within the GOAJ that Russia simply does not pay attention to Baku and that Russian policies in the South Caucasus have largely focused on Georgia and Armenia. He said that the presidential visit was designed to send the GOAJ the message, for the first time, that "Azerbaijan matters" to Russia as a partner rather than to produce major political outcomes. He noted that Azerbaijan was the third Commonwealth of Independent States member that Medvedev visited, following Kazakhstan and Belarus, and that this was intended to be a clear demonstration of Azerbaijan's significance. Istratov said the GOR had dealt with the Armenian problem by receiving Serge Sargsyan the day before the Baku visit - but in Moscow.

13. (C) President Aliyev noted in remarks following the visit that it represented the "next page" in the relationship, but Istratov emphasized that this "new page" is in the same book, meaning that Azerbaijan-Russian relations will continue on the same trajectory. He believes the relationship began steadily improving when former President Putin came to power in 2000, mainly because Putin had positive relationships with both Heydar and Ilham Aliyev. He thinks the bilateral relationship will continue to improve slowly and noted that he heard from Medvedev that he is on "much easier terms" with President Aliyev than with any of the other CIS leaders, many of whom Istratov described as "difficult." Istratov attributed the "personal chemistry" between Medvedev and Aliyev to their similarity in age and background, as young educated modernizers in marked contrast to other CIS leaders. Istratov spoke highly of Aliyev, saying he has impressed many in Moscow, including Deputy Foreign Minister Kislyak. Istratov described Aliyev as "articulate in three languages, smart, and in command of all the details."

SHAH DENIZ PHASE 2 GAS AND NK

14. (C) According to Istratov, Gazprom's offer to buy Shah Deniz Phase Two (SD2) gas from Azerbaijan was discussed, but

nothing was decided other than an agreement that Gazprom and SOCAR would discuss the issue further (COMMENT: SOCAR Vice-President for Marketing Elshad Nassirov confirmed this in a July 10 conversation. END COMMENT). The Russian Ambassador noted the talks could take "days, weeks, months, or even years." He believes that the decision on SD2 gas will be based on Azerbaijan's commercial interests, but given the interest in SD2 gas from a number of different countries Istratov described Azerbaijan as "a young girl looking at her suitors." Istratov commented that President Aliyev is knowledgeable about energy and that the GOAJ will only sell its gas for "a fair price." Istratov joked that there was quite a change in tone in Russian-Azerbaijan discussions on gas from the days when Russia just threatened to "turn it off."

15. (C) Istratov said that Nagorno-Karabakh was discussed, but nothing was decided. He pointed out that Russia emphasizes that it is part of the Minsk Group Co-Chairmanship and not a country that should serve as a "go-between" in the negotiations. Istratov said that GOAJ officials do not raise the possibility of Moscow pressuring Armenia over NK officially, but they do occasionally joke about this prospect in more informal settings.

16. (C) Istratov largely dismissed the importance of the document signed between the two countries, the Declaration of Friendship and Strategic Partnership. According to the Russian Ambassador, the language in this document, including the language on Nagorno-Karabakh, was essentially cobbled together from previous agreements signed between the two states. Language that states neither country would allow its territory to be used for an attack upon the other dated from

the era of problems in Chechnya and was not aimed at NATO, Istratov said. He noted that the visit was only announced a month ahead of time, giving the governments little time to prepare any major agreements.

17. (C) The visit included an official one-on-one meeting between the two presidents, followed by a meeting of the delegations. Istratov noted that the large Russian delegation included several businessmen and "six billionaires," three of whom were Azerbaijanis, including Vagit Alekperov, described as the "richest Azerbaijani in the world" and the head of Lukoil. Istratov noted that two more agreements, one on cross-border investments and one on Azerbaijani property in Russia, are more substantial than the ones signed in Baku and are still being negotiated. These agreements are necessary for more Russian investment to come directly to Azerbaijan. Currently most investment comes through other countries, including Cyprus. Beyond these commercial links, Istratov noted that Baku has a tight bond with Moscow. Flights between Baku and Moscow are at the same level as they were in the 1980s, and 2 million Azerbaijanis work in Russia. Istratov noted that two years ago there was concern that Russia would pressure its Azerbaijani population and stressed that he does not think this was ever seriously considered. He also noted that he believes migration flows could be reversing as the Azerbaijani economy improves; he believes Dagestanis are increasingly coming across the border to work in Azerbaijan.

COMMENT

18. (C) Although President Medvedev left Baku without any significant, concrete agreements, Istratov was confident the GOAJ received the intended message: Moscow is paying attention to Azerbaijan as a country now worthy of partnership. The GOR organized the trip to demonstrate to the GOAJ that Moscow recognizes that Azerbaijan is increasingly important in the region. The presence of so many businessmen in the Russian delegation suggest that Russia values commercial links to Azerbaijan. We continue to believe that Russia is unlikely to obtain an agreement to buy significant quantities of SD2 gas and agree with Istratov's assessment that this issue will stay open in the near future as Azerbaijan tries to find the best deal for its commercial

and political interests.
DERSE